UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

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Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exhange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING	04/01/2001	AND ENDING	G 03/31/2002
~	MM/DD/YY		MM/DD/YY
A. REC	GISTRANT IDENTI	FICATION	
NAME OF BROKER-DEALER: R. T.	Jones Capital	Equities, In	nc. OFFICIAL USE ONL
ADDRESS OF PRINCIPAL PLACE OF BUS 8151 Clayton Road, Sec	•	. Box No.)	FIRM I.D. NO.
	(No. and Street)		
St. Louis, Missouri 6	3117		
(City)	(State)		(Zip Code)
NAME AND TELEPHONE NUMBER OF PE Robert T. Jones	RSON TO CONTACT I	N REGARD TO THIS	(314) 993-242
			(Area Code – Telephone Num
B. ACC	OUNTANT IDENTI	FICATION	
INDEPENDENT PUBLIC ACCOUNTANT W	hose opinion is contained	d in this Report*	
Charles K. Moore, CPA			
	(Name – if individual, state las	st, first, middle name)	
2900 S. Brentwood Blvd	. Brentwood,	Missouri 63	3144
(Address)	(City)	(Stat	e) (Zip Code)
CHECK ONE:		P	ROCESSED
₹ Certified Public Accountant			JUN 0 5 2002
☐ Public Accountant			~
☐ Accountant not resident in Unite	ed States or any of its po	ssessions.	THOMSON P FINANCIAL
	FOR OFFICIAL USE O	ONLY	}

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

Ι, _		Robert T. Jones		, swear	(or affirm) tha	at, to the best	of my	knov	wledge and
bel		the accompanying financial R. T. Jones Capital E			schedules	pertaining	to	the	firm of
		March 31	, 20_02	, are true ar	nd correct. I f	urther swear (or aff	irm) t	
		npany nor any partner, proprietor, princ of a customer, except as follows:							
					Signatu	ıre			
				Pr	esi)dent				
		Notary Public port ** contains (check all applicable to Facing Page.	Jane A. St. Louis My Comr	OTARY SEA Davidson, Nota County, State on nission Expires	ry Public				
Č ((b) (c)	Statement of Financial Condition. Statement of Income (Loss).							
	(e) (f)	Statement of Changes in Financial Co Statement of Changes in Stockholder Statement of Changes in Liabilities S Computation of Net Capital.	s' Equity or Par			apital.			
	(ħ) (i)	Computation for Determination of Re Information Relating to the Possessio A Reconciliation, including appropria	on or Control Re ate explanation o	quirements Und of the Computat	ler Rule 15c3- tion of Net Ca	-3. ipital Under R	lule 1	5c3-3	and the
	. ,	Computation for Determination of the A Reconciliation between the audited consolidation. An Oath or Affirmation.					pect t	o met	hods of
	(m)	A copy of the SIPC Supplemental Re A report describing any material inade		exist or found to	have existed	since the date	ofthe	previ	ious audit.

^{**}For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

R. T. Jones Capital Equities, Inc.

Financial Statements and Supplementary Schedules

March 31, 2002

R. T. Jones Capital Equities, Inc.

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Independent Auditor's Report

2900 S. Brentwood Blvd. Brentwood, Missouri 63144 Office 314/918-9236 Fax 314/961-4425

Board of Directors R. T. Jones Capital Equities, Inc. St. Louis, Missouri

I have examined the accompanying statement of financial position of R. T. Jones Capital Equities, Inc. as of March 31, 2002, and the related statements of income, changes in stockholder's equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of R. T. Jones Capital Equities, Inc. as of March 31, 2002, and the results of its operations and cash flows for the year then ended, in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of operating expenses on page 11 is presented for the purpose of additional analysis, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Charles K. Moore

Certified Public Accountant

Charles K. Moore

May 28, 2002

R. T. Jones Capital Equities, Inc. Statement of Financial Position March 31, 2002

Assets

Current assets:		
Cash	\$ 60,632	
Investment securities, at market		
(cost \$132,472, unrealized gain \$469)	132,941	
Accounts receivable	132,070	
Employee advances and other receivables	28,923	
Prepaid expenses	7,075	
Total current assets		\$ 361,641
Fixed assets	107,805	
Less: accumulated depreciation	(<u>64,393</u>)	
Net fixed assets		43,412
Other assets:		
Deposits	15,011	
Investment in Columbia		
Lakes Management, L.L.C.	137	
Total other assets		15,148
Total assets		\$ 420,201

R. T. Jones Capital Equities, Inc. Statement of Financial Position March 31, 2002

Liabilities and stockholder's equity

Current liabilities:		
Accounts payable	\$ 19,969	
Commissions payable	84,898	
Due to affiliated company	11,576	
Income taxes payable	6,501	
Total current liabilities		\$ 122,944
Stockholder's equity:		
Common stock:		
Authorized 500 shares of \$1.00 par value;		
issued and outstanding 500 shares	500	
Additional paid-in capital	72,300	
Retained earnings	224,457	
Total stockholder's equity		297,257
Total liabilities and stockholder's equity		\$ 420,201

R. T. Jones Capital Equities, Inc.

Statement of Income

For the year ended March 31, 2002

Commission and fee income	\$ 2,080,885	100.0%
Operating expenses (page 11)	2,038,487	98.0%
Income from operations	42,398	2.0%
Investment (expense)	(<u>2,350</u>)	- <u>0.1</u> %
Income before taxes	40,048	1.9%
Income tax expense	13,685	<u>0.6</u> %
Net income	\$ 26,363	<u>1.3</u> %

R. T. Jones Capital Equities, Inc.

Statement of Changes in Stockholder's Equity

For the year ended March 31, 2002

	Common Stock			Paid-in	Retained	Ĺ
	<u>Shares</u>	Amount		<u>Capital</u>	_Earnings	<u>3</u>
Balance April 1, 2001	500	\$ 500	\$	72,300	\$ 198,094	
Net income	-	-		-	26,363	
Dividends paid	-	-	. •	-	0	
Balance March 31, 2002	500	\$ <u>500</u>	\$	72,300	\$ 224,457	

R. T. Jones Capital Equities, Inc. Statement of Cash Flows For the year ended March 31, 2002

Cash flows provided by (used for) operating activities:	
Net income	\$ 26,363
Adjustments to reconcile net income to net	•
cash provided by operating activities:	
Depreciation and amortization	21,483
(Increase) decrease in assets:	
Investment securities	(22,308)
Accounts receivable	(29,795)
Employee advances and other receivables	22,812
Prepaid expenses	(6,962)
Prepaid and refundable income taxes	7,184
Deposits and other assets	(88)
Increase (decrease) in liabilities:	
Accounts payable	(4,828)
Commissions payable	(34,654)
Due to affiliated company	11,328
Income taxes payable	6,501
Net cash (used for) operating activities	(2,964)
Cash flows from investing activities:	
Fixed asset acquisitions, net	(15,884)
Net cash (decrease)	(18,848)
Cash, beginning of year	79,480
Cash, end of year	\$ 60,632

R. T. Jones Capital Equities, Inc. Notes to Financial Statements March 31, 2002

1. Summary of Significant Accounting Policies

Description of Business:

R. T. Jones Capital Equities, Inc. (the "Company") is a registered broker/dealer in securities. The Company was formed for the purpose of trading in and dealing with limited partnership units, stocks, bonds, and all other types of securities and for the purpose of the management of accounts as a registered investment advisor. The Company is an introducing broker who carries the accounts on a fully disclosed basis and does not hold funds or securities for, or owe money or securities to, customers and does not otherwise carry customer accounts. Accordingly, the Company is exempt from SEC Rule 15c3-3.

Revenue and Expense Recognition:

Income and expenses are recorded on the accrual basis of accounting. Commission revenue is recorded on a settlement day basis, generally the fifth business day following the transaction. The difference for generally accepted accounting purposes is not material.

Investment Securities:

Investment securities are marketable securities stated at fair market value, net of unrealized holding gains and losses. Interest and dividends are recognized in income when earned. Realized gains and losses are determined on the basis of the actual cost of the securities sold.

Accounts Receivable:

No allowance for doubtful accounts was considered necessary. In the opinion of management, all of the accounts receivable are considered to be realizable at the amounts stated as of March 31, 2002.

Fixed Assets:

Fixed assets are stated at cost. Depreciation is computed using accelerated tax methods for financial statement reporting and tax reporting. Depreciation expense for March 31, 2002 was \$21,483.

Reporting Entity:

The Company is a wholly-owned subsidiary of R. T. Jones and Associates, Inc. There were no intercompany fees earned or incurred by the Company for the fiscal year March 31, 2002.

Income Taxes:

The Company filed a consolidated income tax return with its parent company. Income tax expense for March 31, 2002 was \$13,685.

2. Net Capital Requirements

The Company is subject to the Uniform Net Capital Rule (Rule 15c3-1) of the Securities and Exchange Commission. Under the rule, the Company's aggregate indebtedness cannot exceed 1500 percent of net capital. The Company's percentage of aggregate indebtedness to net capital was 98.8 percent as of March 31, 2002. The rule also requires that equity capital may not be withdrawn nor cash dividends paid if the Company's net capital would fail to equal 120 percent of the minimum dollar amount required. As of March 31, 2002, the Company had allowable net capital of \$124,469 which was \$116,274 in excess of the minimum required.

3. Related Party Transactions

Investment in Columbia Lakes Management, L.L.C.

The Other asset, Investment in Columbia Lakes Management, L.L.C., in the amount of \$137 represents the Company's fifty percent interest in the management company that has a one percent interest in Columbia Lakes Development, L.L.C., a real estate development in Columbia, Illinois.

4. Concentration of Credit Risk

The Company maintains its cash balances at one financial institution in St. Louis, Missouri. The bank accounts are insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC). The Company had no uninsured cash balances as of March 31, 2002.

5. Employee Benefit Plans

The Company covers all qualified employees and their families under medical, disability and dental health insurance plans on a contributory basis with the Company paying for fifty percent of the employees' cost and none of the dependent cost.

All employees are covered by a defined contribution 401(k) plan. There was not any Company contribution made during the current fiscal year.

6. Lease Obligations

The Company executed a five-year lease on September 25, 2000. The lease payments commenced in December, 2000. The Company has one five-year renewal option available. The five-year option's basic rents have been agreed to be paid at the then current fair market rental rate being offered and accepted for new leases for comparable office space in comparable buildings in St. Louis County. In addition to basic rent the Company is obligated to pay its share of future operating cost and real estate tax increases based upon an agreed upon formula. The company is obligated to pay basic rent for its premises for the following amounts over the next four fiscal years:

March	31,	2003	114,007
March	31,	2004	115,255
March	31,	2005	116,503
March	31,	2006	78,224
			<u>\$ 423,989</u>

Rent expense for March 31, 2002 in the amount of \$82,737 was net of sublease rental income of \$30,022.

R. T. Jones Capital Equities, Inc.
Schedule of Operating Expenses
For the year ended March 31, 2002

Operating expenses:		
Salaries and wages	\$ 348,142	16.7%
Advertising and promotion	23,788	1.1%
Brokerage and clearing fees	73,999	3.6%
Commissions	1,172,993	56.4%
Communications	49,238	2.4%
Depreciation and amortization	21,483	1.0%
Insurance	47,721	2.3%
Licenses, taxes and fees	80,113	3.8%
Office supplies and expenses	32,211	1.5%
Other operating expenses	42,033	2.0%
Professional fees	27,119	1.3%
Rent expense, net	82,737	4.0%
Travel and entertainment	36,910	1.8%
Total operating expenses	\$ 2,038,487	98.0%

2900 S. Brentwood Blvd. Brentwood, Missouri 63144 Office 314/918-9236 Fax 314/961-4425

Supplementary Information Pursuant to SEC Rule 17a-5

My audit was made for the purpose of forming an opinion on the basic financial statement taken as a whole.

The information contained in the schedules in the following pages is presented for the purposes of additional analysis and is not a required part of the basic financial statements, but is required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in my opinion, is stated fairly in all material respects in relation to the basic financial statements taken as a whole. The schedules present fairly the information included therein in conformity with the rules of the Securities and Exchange Commission.

Charles K. Moore

Certified Public Accountant

Anha K. Moore

May 28, 2002

R. T. Jones Capital Equities, Inc. Computation of Net Capital March 31, 2002

Net capital computation:			
Stockholder's equity			\$ 297,257
Deductions and/or charges:			
Non-allowable assets:			
Management fees	;	\$ 58,289	
Other receivables		28,923	
Prepaid expenses		7,075	
Fixed assets		43,412	
Deposits		15,011	
Investment in Columbia			
Lakes Management, L.L.C.		137	
			(152,847)
Haircuts on securities:			
Other securities		19,941	
			(19,941)
			(25/512)
Net capital			\$ 124,469

R. T. Jones Capital Equities, Inc.

Computation of Net Capital Requirement

and Schedule of Aggregate Indebtedness

March 31, 2002

Computation of Net Capital Requirement

Minimum net capital required (6 2/3 % of: aggregate indebtedness)	\$	8,195
Minimum dollar net capital requirement	\$	5,000
Net capital requirement (greater of the above)	\$	8,195
Excess net capital	\$	116,274
Percentage of aggregate indebtedness to net capital		<u>98.8</u> %
Percentage of debt to debt-equity	•	N/A
Schedule of Aggregate Indebtedness		
Accounts payable Commissions payable Due to affiliated company Income taxes payable	\$	19,969 84,898 11,576 <u>6,501</u>
Aggregate indebtedness	\$	122,944

R. T. Jones Capital Equities, Inc. Explanation of Audit Differences March 31, 2002

Aggregate Indebtedness

Aggregate indebtedness as reported by registrant	
in Part IIA of Form X-17A-5 for March 31, 2002	\$ 101,576
Reconciliation items:	
Increase in Accounts payable	3,800
(Decrease) in Other liabilities	(509)
Increase in Due to affiliated company	11,576
Increase in Income taxes payable	<u>6,501</u>
Aggregate indebtedness as computed in this report	\$ 122,944
Net Capital	
Net capital as reported by registrant in	
Part II of Form X-17A-5 for March 31, 2002	\$ 155,840
Reconciliation items:	
(Decrease) in income	(11,240)
(Increase) in expenses	(15,776)
(Increase) in non-allowable assets	(4,355)
Net capital as computed in this report	\$ 124,469

Report on Internal Accounting Control

2900 S. Brentwood Blvd. Brentwood, Missouri 63144 Office 314/918-9236 Fax 314/961-4425

Board of Directors R. T. Jones Capital Equities, Inc. St. Louis, Missouri

I have audited the financial statements of R. T. Jones Capital Equities, Inc. for the year ended March 31, 2002, and have issued my report thereon dated May 28, 2002. As part of my examination, I made a study and evaluation of the Company's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of my study and evaluation, which included obtaining an understanding of the accounting system, timing, extent of determine the nature, and the procedures necessary for expressing an opinion on the Company's financial statements.

as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission, I have made a study of practices that are considered relevant to the objectives stated in Rule 17a-5(q)(1) in making the periodic computations of aggregate indebtedness and capital under Rule 17a-3(a)(11) and procedures determining compliance with exemptive procedures (1) in the quarterly securities examinations, counts, verifications, and comparisons, and documentation of differences required by 17a-13 or (2) in complying with the requirement payment for securities under Section 4(c) of Regulation T of the Board of Governors of the Federal Reserve System because Company does not carry security accounts for customers perform custodial functions relating to customer securities.

management of R. Τ. Jones Capital Equities, responsible for establishing and maintaining a system of internal accounting control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control procedures and of practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the Commission's above mentioned The objectives of a system and the practices and objectives. procedures are to provide management with reasonable, but not absolute, assurance that assets for which R. T. Jones Capital Equities, Inc. has responsibilities are safeguarded against loss from unauthorized use or disposition, and that transactions are

executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal accounting control procedures or the practices and procedures referred to above, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the rise that they may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

My study and evaluation, made for the limited purpose described in the first paragraph, would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of R. T. Jones Capital Equities, Inc. taken as a whole. However, my study and evaluation disclosed no condition that I believe to be a material weakness.

I understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for it's purposes in accordance with the Securities and Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and my study, I believe the R. T. Jones Capital Equities, Inc.'s practices and procedures were adequate at March 31, 2002 to meet the Commission's objectives.

At March 31, 2002, the Company was in compliance with the conditions of its exemption from Rule 15c3-3 and no facts came to my attention during my examination that indicated that such conditions has not been complied with during the period under review.

This report is intended solely for the use of management, the National Association of Securities Dealers, and the Securities and Exchange Commission, and should not be used for any other purpose.

Charles K. Moore

Certified Public Accountant

Charles K. Moon

May 28, 2002